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March 7, 2014 ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission  
**DOCKETED**

MAR 07 2014

Robert G. Gray  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, Arizona 85001

**ORIGINAL**



**Re: ACC Staff's Questions on UNS Electric's Voluntary Solar Contributions Program –  
UNS Electric, Inc. RES Implementation Plan  
Docket No. E-01933A-13-0225, Decision No. 74166**

4204

Dear Mr. Gray,

UNS Electric, Inc. ("UNSE" or "Company") has received your February 26, 2014 requesting additional information about UNSE's Voluntary Contributions Program ("VSCP") proposal that was submitted in compliance with Arizona Corporation Commission ("Commission") Decision No. 74166 (October 25, 2013). Set forth below are UNSE's responses to the questions.

**1. Will the Voluntary Solar Contribution Program ("VSCP") funds established by UNSE be interest bearing?**

No, the funds collected by the VSCP will not be interest bearing. UNSE proposes that the collected funds be treated the same as the annual REST surcharge. Currently, there is no Commission Order authorizing interest to be accrued on the funds collected through the surcharge. Additionally, it is cost prohibitive to establish and maintain a separate interest bearing accounts due to the high costs of fees required to maintain such segregated business transaction accounts.

**2. How will the billing format be modified to allow for voluntary contributions from customers?**

The billing format will be modified as shown on Attachment A to allow for voluntary contributions

**3. The VSCP seems to exclude any person and/or entity that is not a UNSE customer. Is this correct? If yes, why should non-UNS customer be excluded from making contributions?**

The VSCP will only be available to existing UNSE customers. The Company has the ability to provide UNSE customers with verification of their contributions through the on-bill feature (see response to Question No. 2). However, UNSE does not have existing IP capabilities to either

account for, or provide verification of, contributions made by non-UNSE customers. In addition to the technological impediment, UNSE is concerned that allowing non-UNSE customers to make unregulated monetary contributions could lead to market manipulation. However, should the Commission order UNSE to receive monetary contributions for the Program from non-UNSE-customers, the Company strongly recommends that those contributions be limited to use in marketing efforts associated with the program, and not as Up Front Incentives ("UFIs").

**4. Section 8 includes reporting Marketing Expenses; will UNSE also be reporting on the effectiveness of its marketing/promotional efforts?**

UNSE will report marketing expenses for the VSCP, along with quantitative data for program participation. However, in order to report on the effectiveness of the efforts, the Company will require additional guidance from Staff and the Commission on what metrics should be used in the evaluation of the effectiveness of UNSE's marketing and promotional efforts.

**5. What is the purpose of the second paragraph under Section 8. Marketing?**

The purpose of the second paragraph under "Section 8. Marketing", is to clarify the source of funding for marketing the program. Marketing funds necessary for the residential program will be drawn from the monies contributed by residential customers; similarly, funds necessary for marketing to commercial customers will come from the funds contributed by the commercial customers. For marketing efforts associated with all customers (ie: billboards, radio advertisements, etc.) funds shall be drawn equally from both customer class contributions.

**6. What level of funds in the VSCP accounts would UNS consider to be sufficient to implement UFIs.**

UNSE would require initial funding to market the VSCP; however, the UFIs could be given immediately, as more thoroughly described in the response to Question No. 8. Initial marketing funding would be limited to approximately \$5,000, which includes customer bill inserts, website redesign, and promotional materials provided to installers and contractors.

**7. What would UNSE recommend as the appropriate level of UFI's for each type of distributed generation ("DG") installation once sufficient funds are available in the VSCP account?**

UNSE recommends that UFIs in the VSCP be set at the current Commission-approved level of \$0.10 per watt. Future incentives should be set to an equivalent value as approved in the Company's annual implementation plan.

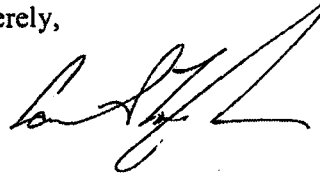
**8. How and when would the UFIs from the VSCP program be made available?**

UFI's under the VSCP would be made available on a first come, first served basis. For example, if the VSCP UFI was set at \$0.10 per watt, UNSE would collect and distribute funds as they were received and available to fund projects with submitted reservations. Should the first reserved project request funding for a 7 kW system, the project would be held in pending status

until \$700 has been collected. At that time, the project would receive notification of funding and permission to proceed. Subsequent projects would be funded in a similar fashion in the order the reservations are received.

Please feel free to contact me at (520) 745-7108 or email me at [CTilghman@tep.com](mailto:CTilghman@tep.com) should you have any further questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Tilghman', with a stylized flourish at the end.

Carmine Tilghman  
Senior Director of Wholesale, Fuels  
& Renewable Resources

Cc: Docket Control (Original and 13 copies)

# ATTACHMENT A

PO Box 80077  
Prescott AZ 86304-8077

Account: [REDACTED]  
Bill Date: 3-03-2014  
Due Date: 3-17-2014

Previous Balance	51.06
Payments	0.00
Pledged Contributions	0.00
Current Charges	50.49
Adjustments (Refunds & Fees)	0.00
<b>AMOUNT DUE</b>	<b>101.55</b>

R-01-Residential Service (Service No. [REDACTED]) 01/28/2014 to 02/26/2014

## DELIVERY SERVICES

Customer Charge	10.00
Winter - 1st 500 kWh 267.00 @ \$0.0562	15.01

## POWER SUPPLY CHARGES

Winter - kWh 267.00 @ \$0.031532	8.42
PPFAC - kWh 267.00 @ \$-0.001388	0.37 CR

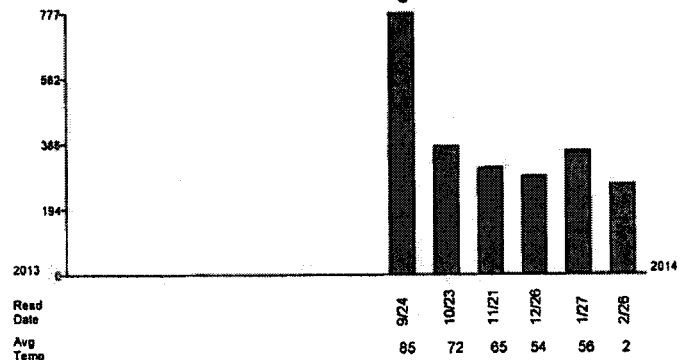
## GREEN ENERGY CHARGES

Renewable Energy Standard Tariff	2.14
DSM Surcharge - kWh 267.00 @ \$0.002232	0.60
ECA Surcharge - kWh 267.00 @ \$0.00004	0.01
LFCR EE 0.3714% of \$33.06	0.12
LFCR DG 0.1073% of \$33.06	0.04

## TAXES AND ASSESSMENTS

ACC Assessment	0.07
RUCO Assessment	0.01
City Franchise Fee	0.81
State Sales Tax	2.09
County Sales Tax	0.19
City Sales Tax	0.72
City Public Utility Tax	0.63

Historical Usage



## TOTAL CURRENT CHARGES - Electric Service

40.49

Meter	Unit of Measure	Next Read Date	Current Read Date	Prior Read Date	Days	Current Reading	- Prior Reading	= Reading Difference	x Multiplier	= Usage
AMRS-231473	KWH	3-26	2-26	1-27	30	5398	5131	267	1	267

Solar Contribution (Service No. [REDACTED]) 01/28/2014 to 02/26/2014

→ Voluntary Solar Contribution

10.00

Para asistencia en Español, el número de teléfono se encuentra al reverso de esta pagina.

Account	DUE DATE	AMOUNT DUE	+ Contribution =	Amount Paid
[REDACTED]	03-17-2014	\$101.55		

HEERO\* Contribution

\* Help with Emergency Energy Relief Operation

Add a one-time amount or visit tep.com for monthly enrollment details.

Mail stub with payment to:

PO BOX 80077  
PRESCOTT AZ 86304-8077



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